NUEXCO

EXECUTIVE SUMMARY
REPORT 218
(All data as of September 30, 1986)

Exchange Value $17.00, unchanged

The **Exchange Value** is **$17.00** per pound U_3O_8, unchanged since last month.

UF_6 Value $48.00, unchanged

The **UF_6 Value** is **$48.00** per kilogram U as UF_6, unchanged since last month.

Transactions

Four recent natural uranium sales are reported, involving approximately **500 thousand** pounds equivalent U_3O_8. All of the sales involved spot or near-term delivery, and three met the conditions for inclusion in the Transaction Value. Two of the transactions involved natural UF_6.

Supply-Demand Ratio remained at 2.9:1

Active spot and near-term **uranium supply** amounts to **4.1 million** pounds U_3O_8 equivalent, down 180 thousand pounds since last month. Active spot and near-term **uranium demand** totals **1.4 million** pounds, down 35 thousand pounds. The spot and near-term **supply-demand ratio** remained unchanged at **2.9:1.**

Transaction Value $17.35, down $0.10

The **Transaction Value** is **$17.35** per pound U_3O_8, down $0.10 since last month. The calculation includes 13 transactions involving a total of 2.4 million pounds U_3O_8 and equivalent UF_6, and covers a period of 3 months.

Loan Rate unchanged at 4%

The **Loan Rate** is **4 percent** per annum, unchanged.

Conversion Value $1.90, unchanged

The **Conversion Value** is **$1.90** per pound U as UF_6, unchanged since last month. Active secondary market supply for conversion services for delivery within three years totals 2.0 million pounds U as UF_6. Active demand totals 650 thousand pounds U as UF_6. No secondary market conversion transactions are reported.

SWU Value for delivery within one year: $78

The **SWU Value** at .3 tails and for delivery within one year is **$78** per SWU, unchanged since last month. Three secondary market SWU transactions are reported involving less than 50 thousand SWUs.

* * *

Basic Considerations

In the past few years, one of the techniques used to facilitate transactions involving enrichment services has been the tails assay swap. It allowed a utility having fixed commitments of DOE SWUs to alter the transaction tails assay and exchange some of its natural uranium inventory for enrichment services, thereby reducing the amount of cash needed to procure a given amount of nuclear fuel. In most cases, the increasing acceptance of requirements-type enrichment contracts has reduced or eliminated the incentive for the scheme.

South Africa

The Atomic Energy Corporation of South Africa Limited recently released a report containing updated assessments of the nation's uranium resources. The report includes the latest official evaluation of trends in uranium exploration, production and prices, as well as discussions of geology and national policy matters.

United States

The Senate bill calling for a ban on the import of South African uranium oxide and ore was vetoed by President Reagan at the end of September. However, in the first week of October, both the Senate and the House of Representatives voted to override the veto, clearing the way for the bill to become law. Attention will now be focused on the interpretation of the measure, especially concerning the import of South African uranium by non-US entities.

Raw Materials

Development of the Olympic Dam project in South Australia is continuing, and construction of the project's commercial production facilities began in March 1986. The initial production schedule calls for annual production of over five million pounds U_3O_8 before the end of this decade.

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NUEXCO REPORT 218 FIGURES OF THE MONTH (September 30, 1986)	This Month (Report 218)	Last Month (Report 217)	12 Months Ago (Report 206)
Exchange Value[1]	17.00	17.00	16.00
Transaction Value[1]	17.35	17.45	15.10
UF_6 Value[2]	48.00	48.00	44.50
Loan Rate[3]	4%	4%	5%
Conversion Value[4]	1.90	1.90	1.60
Near-Term Uranium Supply[5]	4.1	4.2	2.1
Near-Term Uranium Demand[6]	1.4	1.5	1.1
Near-Term Supply-Demand Ratio	2.9	2.9	1.9
Recent Uranium Sales:			
Number of Transactions[7]	4	5	4
Quantity of Material[8]	0.5	1.5	0.3
Nuexco SWU Value:[9]			
at 0.3 tails assay and delivery within one year	78	78	—
USDOE SWU Prices:			
USEC	119.00[10]	125.00[11]	125.00[11]
AFC	153.00[12]	153.00[12]	153.00[12]
Requirements	157.00[12]	157.00[12]	157.00[12]
Market Value of Enriched UF_6[13, 14]:			
2.5 w/o U_{235}	458	458	459
3.0 w/o U_{235}	586	586	589
3.5 w/o U_{235}	717	717	722
4.0 w/o U_{235}	849	849	857

[1]US $ per pound U_3O_8 equivalent.
[2]US $ per kilogram U as UF_6.
[3]Per annum.
[4]US $ per pound U as UF_6.
[5]Active inquiries to sell, for delivery within 12 months after contract signing (millions of pounds U_3O_8).
[6]Active inquiries to purchase, for delivery within 12 months after contract signing (millions of pounds U_3O_8).
[7]Uranium sales only; does not include loans, conversion, or SWU transactions.
[8]Millions of pounds U_3O_8, equivalent.
[9]US $ per SWU.
[10]Effective 10/1/86.
[11]Effective 10/1/85.
[12]Effective 10/1/84.
[13]Calculated using the Nuexco Exchange Value, Conversion Value, and 0.30 percent tails assay. From 4/30/85 to 11/30/85, calculations used in the Nuexco SWU Value for DOE origin and delivery by the end of FY86. As of 12/31/85, calculations use the SWU Value for delivery within one year.
[14]US $ per KgU as UF_6, rounded to the nearest $.

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